

Regular Session, 2012

SENATE CONCURRENT RESOLUTION NO. 128

BY SENATORS DONAHUE AND ALARIO

FUNDS/FUNDING. Provides the monies in the Budget Stabilization Fund be available for appropriation in Fiscal Year 2011-2012.(2/3 - CA7s10.3(C)(1))

A CONCURRENT RESOLUTION

To make available for appropriation from the Budget Stabilization Fund the sum of \$204,700,000 not to exceed one-third of the balance of the Budget Stabilization Fund, due to the reduction of the revenue forecast for the current fiscal year in the amount of \$204,700,000 as adopted by the Revenue Estimating Conference at its meeting of April 24, 2012, and as recognized by the Joint Legislative Committee on the Budget at its meeting of May 10, 2012.

WHEREAS, the state of Louisiana has been and continues to experience a severe financial crisis due to the national economic downturn and the recession occurring within the United States; and

WHEREAS, the state has made extensive budgetary reductions in response to the national economic downturn and recession; and

WHEREAS, economic conditions have resulted in the state receiving significantly lower revenues causing corresponding decreases in the official forecasts of the Revenue Estimating Conference; and

WHEREAS, the state has experienced multiple years of mid-year budget reductions; and

WHEREAS, the original budget for Fiscal Year 2011-2012 was enacted based upon

1 the May 18, 2011, Revenue Estimating Conference general fund revenue official forecast  
2 of \$8,253,400,000, which forecast was subsequently decreased by \$197,800,000 at the  
3 December 14, 2011, meeting of the Revenue Estimating Conference; and

4 WHEREAS, the mid-year deficit in Fiscal Year 2011-2012 was found to be  
5 \$251,279,477 due to the reduction in the official forecast and an increase in mandated costs,  
6 and the mid-year deficit was eliminated through a Deficit Reduction Plan proposed by the  
7 governor which unilaterally cut expenditures by \$140,870,649, and which eliminated the  
8 remaining projected deficit of \$110,408,828 through additional reductions presented by the  
9 governor to the Joint Legislative Committee on the Budget on December 16, 2011; and

10 WHEREAS, in the Spring of Fiscal Year 2011-2012, the state's fiscal problems  
11 persisted, and on April 24, 2012, the Revenue Estimating Conference met and reduced the  
12 official forecast for Fiscal Year 2011-2012 yet again by the amount of \$204,700,000; and

13 WHEREAS, the official forecast for Fiscal Year 2011-2012 has been reduced during  
14 the fiscal year in the total amount of \$402,500,000; and

15 WHEREAS, on May 10, 2012, the Joint Legislative Committee on the Budget  
16 received a budget status report and a Monthly Mid-Year Adjustment Report as of April 30,  
17 2012; and

18 WHEREAS, in the event that actual collections of revenue become available in  
19 Fiscal Year 2011-2012 which exceed the official forecast of revenue available for  
20 expenditures in Fiscal Year 2011-2012 as promulgated by the Revenue Estimating  
21 Conference on April 24, 2012, the legislature desires that the difference, not to exceed the  
22 amount of \$204,700,000, should be deposited into the Budget Stabilization Fund; and

23 WHEREAS, as a result of the actions of the Revenue Estimating Conference and the  
24 notification by the Joint Legislative Committee on the Budget, the Fiscal Year 2011-2012  
25 budget will ultimately have to be reduced by the \$219,791,000 and there are only one and  
26 one-half months remaining in the fiscal year to eliminate the deficit which through normal  
27 budget reductions could cause the closure of certain programs and multiple layoffs and  
28 furloughs of state employees; and

29 WHEREAS, Article VII, Section 10.3 of the Constitution of Louisiana establishes  
30 the Budget Stabilization Fund in the state treasury and in Subparagraph (C)(2) thereof

1 provides that if a deficit for the current fiscal year is projected due to a decrease in the  
2 official forecast, an amount equal to one-third of the fund not to exceed the projected deficit  
3 may be appropriated after the consent of two-thirds of the elected members of each house  
4 of the legislature; and

5 WHEREAS, Article VII, Section 10.3(C)(3) of the Constitution of Louisiana  
6 provides that in no event shall the amount included in the official forecast for the next fiscal  
7 year plus the amount appropriated in the current fiscal year exceed one-third of the fund  
8 balance at the beginning of the current fiscal year; and

9 WHEREAS, as reported by the state treasurer, the balance in the Budget Stabilization  
10 Fund as of July 1, 2011, was \$646,129,953.56 and one-third of the balance in the Budget  
11 Stabilization Fund of \$215,376,651.19 is the maximum amount of the Budget Stabilization  
12 Fund available for appropriation for the Fiscal Year 2011-2012 to address a projected deficit;  
13 and

14 WHEREAS, while the total deficit is \$219,791,000, the legislature desires to only  
15 use \$204,700,000 from the fund which is the amount of the deficit as recognized by the  
16 Revenue Estimating Conference in the official forecast of its meeting on April 24, 2012; and

17 WHEREAS, subsequent to obtaining the consent of two-thirds of the elected  
18 members of each house of the legislature for the use of \$204,700,000 from the Budget  
19 Stabilization Fund, the legislature shall appropriate such amount for use in Fiscal Year 2011-  
20 2012.

21 THEREFORE, BE IT RESOLVED that pursuant to Article VII, Section 10.3 of the  
22 Constitution of Louisiana and R.S. 39:94, the Legislature of Louisiana does hereby consent  
23 to make available for appropriation from the Budget Stabilization Fund the sum of  
24 \$204,700,000, not to exceed one-third of the balance of the Budget Stabilization Fund, due  
25 to the reduction of the revenue forecast for the current fiscal year in the amount of  
26 \$204,700,000 as adopted by the Revenue Estimating Conference at its meeting on April 24,  
27 2012, and recognized by the Joint Legislative Committee on the Budget at its meeting of  
28 May 10, 2012.

29 BE IT FURTHER RESOLVED that the treasurer is directed after complying with  
30 the provisions of Article VII, Section 9(B) of the Constitution of Louisiana relative to the

1 allocation of monies to the Bond Security and Redemption Fund, to deposit into the Budget  
2 Stabilization Replenishment Fund as created in the Act which originated as House Bill No.  
3 822 of the 2012 Regular Session of the Legislature, the difference between the official  
4 forecast of revenue available for expenditures for Fiscal Year 2011-2012 adopted by the  
5 Revenue Estimating Conference on April 24, 2012, and the actual collections of revenue  
6 available for expenditures in Fiscal Year 2011-2012 as promulgated by the Revenue  
7 Estimating Conference, not to exceed the amount of \$204,700,000. Thereafter, the treasurer  
8 is directed to transfer the monies in the Budget Stabilization Replenishment Fund to the  
9 Budget Stabilization Fund in the state treasury.

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The original instrument was prepared by Jay Lueckel. The following digest,  
which does not constitute a part of the legislative instrument, was prepared  
by Martha Hess.

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#### DIGEST

Donahue

SCR No. 128

Provides legislative consent to make available for appropriation from the Budget Stabilization Fund the sum of \$204,700,000, not to exceed one-third of the balance of the Budget Stabilization Fund, due to the reduction of the revenue forecast for the current fiscal year in the amount of \$204,700,000 as adopted by the Revenue Estimating Conference and recognized by the Joint Legislative Committee on the Budget at its meeting of April 24, 2012.

Further provides that actual revenues for FY 11-12 in excess of the April 24, 2012, revised forecast will be deposited into the Budget Stabilization Fund.

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Provides that actual revenues for FY 11-12 in excess of the April 24, 2012, revised forecast will be deposited into the Budget Stabilization Fund.